




Civil/Military Concerns A European Union Experience



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Singapore “The Little Red Dot”

- Recently completed a 5-year tour of duty.
- ECO Scott Anderson arrives by November.
- Part of the U.S. Commercial Service – ASEAN Regional Office. Regional coverage includes
 - Singapore, the number one transshipment port in the world.
 - Malaysia, Manufacturing & Services sector accounts for 85% of GDP.
 - Indonesia, Southeast Asia’s largest economy.
- Partnerships with government & industry in the region
 - Host nation export control and customs services
 - Companies, compliance practitioners and industry associations
 - Embassy and diplomatic community representatives





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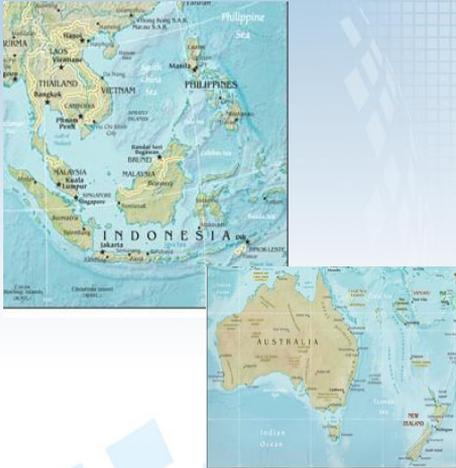
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Region Overview

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Country Group

Singapore	A:6, B
Malaysia	B
Indonesia	B
Vietnam	D:1,3,5
Australia	A:1-5, B
New Zealand	A:1-5, B



Country Groups: Supplement No. 1 to EAR Part 740
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**Trends in Civil/Military
Diversion Schemes**

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Use of fraudulent documents to facilitate exports

- Fake tender or contract documents
 - Tenders often have handwritten notations.
- Frequently seen for military aircraft parts
 - It pays to ask for a point of contact.

Freight Forwarder as the ultimate end user

- Common in both diversion attempts and credit card fraud cases
 - Express shipping requests – “money is no object”
 - Payment spanned over two or three credit cards.
- Addresses with port or airport related names of streets, or in care of instructions without identified parties
 - Using the name of a company and the address of the freight forwarder without identifying as such
 - Search the internet for the address without the name, and these become easy to spot!

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Case Study 1: End Users in Two Countries





- Thermal Imaging Cameras
 - Controlled under ECCN 6A003
 - Exported under License Exception STA
- Exported to distributor in Austria
 - A reseller & producer of safety-related equipment
 - Specializing in emergency services applications
 - Familiar with U.S., EU, and Austrian export controls

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Case Study 1: End Users in Two Countries



- Ultimate end users were Fire Departments “mostly” in the European Union.
 - Fine with the STA statement process
 - Easy once you do it a few times
 - One end user located in Vietnam, NOT an STA-eligible destination
 - Applied for & received reexport license authorization from BIS
- Follow-up verification in Vietnam
 - Camera used in fire academy




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Case Study 1: An Austrian Distributor



- Small-to-medium enterprise organization
 - Chose License Exception STA to speed up the process.
 - Faster than license application review process.
 - Clients are municipal end users, and repeat customers.
 - Found no additional burdens
 - Easier to handle the process internally.
 - Had dedicated personnel for compliance issues.
 - The company had an employee assigned to handle BIS export control issues, and a second for Austrian trade control issues.
 - Noted that the BIS SNAP-R system was less complicated than the Austrian electronic system.

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Case Study 2: 600 Series Unauthorized End Users





- PSV on licensed export for aircraft spares controlled under ECCN 9A610 for C-130 aircraft.
- End user is a supplier to a major Maintenance, Repair and Overhaul (MRO) Center.
 - MRO was recently the subject of a favorable PSV.
 - MRO has contracts with several regional air forces.

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Case Study 2: 600 Series Unauthorized End Users



- The consignee had copies of both BIS export license authorizations.
- An interview of the responsible parties revealed:
 - The company was unaware of the specifics of the authorized parties on the license.
 - The company was unaware of the license conditions.
- The consignee did not accurately state on the End-user Statement the ultimate government end user and end destination.
 - Stated End User: Air Force of Country B
 - Actual End User: Air Force of Country C

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Know Your Customer!



- An internet search for the name of the company tells you one thing; a search of the address/phone number alone can tell you something completely different.
 - Client company has no web presence.
 - Different companies at the client company address.
 - Client's webpage does not match the equipment ordered.
- Don't rely only on the search, ask questions.
 - There could be an excellent reason for not having a web presence or using a virtual office.
 - Ask, and maybe they'll tell you why!



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Thank you!

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